

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

FTX TRADING LTD., *et al.*,¹

Debtors.

Chapter 11

Case No. 22-11068 (JTD)

(Jointly Administered)

Related to Docket No. 57839

**OUTREMONT SMARTBETA MASTER FUND LP'S RESPONSE TO
DEBTORS' TWELFTH (SUBSTANTIVE) OMNIBUS OBJECTION TO CERTAIN
OVERSTATED PROOFS OF CLAIM (CUSTOMER CLAIMS)**

Outremont SmartBeta Master Fund LP ("Outremont"), by and through its counsel Bryan Cave Leighton Paisner, LLP, hereby responds to the *Debtors' Twelfth (Substantive) Omnibus Objection to Certain Overstated Proofs of Claim (Customer Claims)* [Docket No. 6283] (the "Objection"), to the extent it objects to or seeks to alter Proof of Claim No. 57839 ("Claim") filed by Outremont. This response is supported by the concurrently filed *Declaration of Sharon Liu* ("Liu Decl."). In response to the Objection, Outremont states as follows:

Introduction

1. In the Objection, Debtors unilaterally and without explanation seek to adjust the U.S. Dollar figure for Claim No. 57839 from \$602,813.12 to a negative -\$2,799,059.33. This \$3.4 million adjustment contradicts both Outremont's books and records and the figures shown contemporaneously on FTX's web portal on the Petition Date.² Outremont opposes the relief

¹ The last four digits of FTX Trading Ltd.'s and Alameda Research LLC's tax identification number are 3288 and 4063 respectively. Due to the large number of debtor entities in these Chapter 11 Cases, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors' claims and noticing agent at <https://cases.ra.kroll.com/FTX>. The principal place of business of Debtor Emergent Fidelity Technologies Ltd is Unit 3B, Bryson's Commercial Complex, Friars Hill Road, St. John's, Antigua and Barbuda.

² Capitalized terms not otherwise defined shall have the meaning used in the Objection.

sought by Debtors in the Objection, asserts that the Objection should be denied with respect to the Claim, and demands, at a minimum, an evidentiary hearing on Debtors' Objection to Outremont's Claim.

Background

A. Outremont's Claim

2. Outremont SmartBeta Master Fund LP was established on March 1, 2022, and managed by Outremont Technologies Manager Ltd. Outremont offers a balanced, risk-shifting exposure to the crypto asset class, combined with yield-enhancing strategies, to capture most of the asset class's upside while significantly reducing downside risks. Additionally, Outremont trades with various exchanges, including FTX.com, to diversify its counterparty risk.

3. Outremont filed Proof of Claim No. 57839 on or about September 21, 2023. The Claim is for \$602,813.12.

4. Attached to the Claim are screenshots of FTX's web portal dated November 9, 2022, and November 11, 2022, that show Outremont's account held a cash balance \$666,257.52, \$602,813.12 on those respective dates.

5. Additionally, Outremont's independent fund administrator, NAV Consulting, prepared a fund package on November 30, 2022 (the "Fund Package"), showing a balance of \$608,820.22. Outremont relied upon the Fund Package when it filed its Claim.

6. Debtors have not asserted any claims for the avoidance of allegedly preferential transfers against Outremont.

Argument

A. Legal Standard

7. Pursuant to Fed. R. Bankr. P. 3001(f), a properly filed and executed proof of claim constitutes *prima facie* evidence of the validity and the amount of the claim. To overcome the claim's *prima facie* validity, "the objector must come forward with sufficient evidence and 'show facts tending to defeat the claim by probative force equal to that of the allegations of the proofs of claim themselves.'" *Lundell v. Anchor Const. Specialists, Inc.*, 223 F.3d 1035, 1039 (9th Cir. 2000) (citing *In re Holm*, 931 F.2d 620, 623 (9th Cir. 1991)). Only if the objector produces sufficient evidence to negate the claim's validity does the burden of persuasion shift back to the claimant, who then has the ultimate burden. *Id.*

B. Debtors Have Not Overcome *Prima Facie* Validity

8. Debtors have failed to negate the *prima facie* validity of Outremont's Claim, as Outremont possessed and provided contemporaneous showing of the amount of funds in its account with Proof of Claim No. 57839. Attached to the Claim are screenshots from FTX's web portal as of November 11, 2022, showing a balance of \$602,813.12 in Outremont's account.

9. Outremont also utilized an independent fund administrator to track and value the funds it held on Debtors' exchanges. That independent fund administrator, based on a detail transaction ledger, corroborated the cash value that Outremont used in its Claim.

10. Moreover, the Espito Declaration filed in support of the Objection provides no specific information about Outremont's claim, does not address the support Outremont provided with the Claim, and fails to provide any specific evidence to negate the validity of Outremont's claim.

11. To the extent that Debtors are attempting to assert some variety of a preference or any avoidance or recovery other claim against Outremont, the Objection is an improper forum to assert such claims.

12. The Objection is without merit and should be denied.

Reservation of Rights

13. Outremont expressly reserves and preserves all of its procedural and substantive rights and remedies at law and equity with respect to the Claim and the right to prosecute and defend such Claim, as well as its right to seek further relief from this Court with respect to and in connection therewith.

Conclusion

WHEREFORE, the Objection should be denied and Outremont's Claim should be preserved for the full amount of U.S. Dollars asserted on September 21, 2023.

Dated: February 9, 2024

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